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MEMORIAL

OF

THE COMMITTEES OF SUNDRY BANKS

OF

THE CITY OF NEW YORK,

IN

OPPOSITION TO THE PASSAGE OF THE BILL

TO

INCORPORATE A NATIONAL BANK.

NOVEMBER 23, 1814.

Read, and ordered to lie on the table.

NOVEMBER 25, 1814.

Ordered to be printed.

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MEMORIAL.

*To the Senate and House of Representatives of the
United States of America.*

The memorial of the subscribers, committees appointed
by five of the banks in the city of New York, to take
into consideration all matters relating to the state of
credit in the city,

RESPECTFULLY REPRESENTS....

THAT your memorialists, with great deference to the wisdom of congress, presume that it will not be considered as unbecoming in them to express their opinions on a subject which they have practically under their constant view.

That they see with great alarm the proposed incorporation of a bank of the United States with a capital of fifty millions of dollars; not that they are insensible of the advantages of such an institution, but because they are persuaded, in their most deliberate view of the subject, that the present time is most inauspicious for the creation of such a bank, and that so far from aiding the fiscal operations of the government, it will, in their opinion, tend to embarrass still more, than the adverse circumstances of the times have already done, all public as well as private credit.

Your memorialists firmly believe,

That the proposed capital will be found too large:

That six millions of dollars in specie cannot be obtained by any inducements which can be held out, and that a less sum will not afford a proper security to the public:

That even if six millions could be procured, the payment of the notes in specie could only be continued for a short period, under the present circumstances of the country :

That if, by the exercise of the power proposed to be lodged in the President of the United States, the notes are not paid in specie, they will infallibly depreciate :

That if they depreciate, no existing bank can possibly take them without the greatest injury to their stockholders :

That if the notes are not taken by the present banks throughout the United States, they cannot serve as a general medium of circulation.

A full discussion of this subject, your memorialists are well aware, would transgress the proper limits of this memorial : they will therefore confine themselves to a few of the reasons which have induced them to form these opinions. They think that the capital will be found too large, because the late Bank of the United States had only a capital of ten millions of dollars at the period of our greatest commercial prosperity, and since the expiration of the charter of that bank, the amount of its capital has been much more than supplied by the incorporation of other banks. It is believed to have been the opinion of the part of the community best informed on that subject, that this amount was abundantly sufficient. Your memorialists therefore cannot but dread the effects which a new banking capital of fifty millions must have upon the paper circulation of the country, particularly when it is considered, that the proposed bank is to be pledged to lend to the government thirty millions, which the public exigencies will probably very soon call for, without any power of refusal being left to those who are to manage the bank, even if convinced that the emission of so large a sum in notes must be ruinous to the bank itself.

It is well known that a great and constant drain of the precious metals from the United States has existed for a long time past, while supplies of them have been cut off by the war; and that the alarms necessarily existing during a war, have induced many timid and cautious persons to hoard specie, the consequence of which has been to render a suspension of specie payments necessary to the different banks in Baltimore, Philadelphia, New York, and in various other parts of the United States: notwithstanding the utmost care has been taken to restrain the circulation of notes within moderate bounds, yet it has been found impossible to prevent a difference in value between specie and the notes of the banks in the best credit. This difference is now, in the city of New York, from twelve to fifteen per cent. and in other places still greater. Your memorialists have therefore no hesitation in giving it as their opinion that six millions of specie cannot be procured, but they are persuaded also that, if procured, that sum could not long supply specie payments, because, as the same causes are likely still to operate, and with increased effect, when the paper circulation is so much increased as it must be by the proposed loans to the government, it is believed that as fast as the notes are issued they will be returned for specie; as they bear no interest, there will be no inducement for any person to hold them, to counteract the great advantage offered by the high price of specie, in sending them for payment.

If it should be found necessary to restrain the bank from paying specie, your memorialists are convinced the notes will depreciate. The treasury notes which have been issued have done so, although in much less quantity, and under more favourable circumstances, because bearing interest and being payable at definite periods. While treasury notes have these obvious advantages, it is not perceived that the notes of the proposed bank will have any to balance them, the security being presumed the same in both cases. The ex-

penses of the war must, in the first instance, be paid in these notes, and of course they will be, to a considerable extent, in the hands of persons who must, of necessity, dispose of them for what they will bring. The late bank of the United States, while redeeming its notes in specie and possessing the entire support of the government and the confidence of the public, never had, it is believed, more than six millions of notes in circulation. The banks in the city of New York, whose aggregate capital is about fifteen millions of dollars, have not, upon an average, had a circulation of more than five millions, although possessing all the advantages to be derived from the business and support of the government in this city. Presuming that the proportion of circulation to capital is nearly the same in other parts of the United States, and taking into view that the circulation is probably as great at the present period as, under the circumstances of the country and the removal of the check of specie payments, it can safely be, can it be doubted what the effect of an additional emission even of twenty millions of paper will necessarily be?

As it appears evident to your memorialists that the notes of the proposed bank must depreciate, it appears equally so, that no existing bank can take them without the greatest injury to their stockholders. However disposed they may be to aid the fiscal operations of the government, yet, from the moment the notes are depreciated, if they are taken either in payment or in deposits, all their debts will be paid in that description of paper, the circulation of their own notes will nearly cease, and they will be left in possession of notes redeemable at some future uncertain period and bearing no present interest. Can such a sacrifice of the interest of their constituents be called for or expected from the present institutions?

It has been supposed that the want of a medium of general circulation rendered a national bank necessary: but your memorialists beg leave to observe,

that while they admit the want of such a medium, they are quite persuaded that bank notes will not answer the purpose, unless they can be exchanged at pleasure for specie, or are taken generally by the banks throughout the United States. If your memorialists are right in the opinions already stated, it appears to follow as a necessary consequence, that the notes of the proposed bank will not supply the place of a general medium.

As your memorialists are persuaded that the best interests of the United States require that the suspension of specie payments, which has unfortunately been found necessary, should be continued for as short a period as possible, they dread the increased difficulty which an additional paper circulation probably of thirty or forty millions will occasion; they fear it will approach to an insuperable bar to the resumption of specie payments; while, on the other hand, a national bank, founded upon proper principles, and at a more favorable period, when there was a reasonable prospect of continuing to pay specie, would offer the best remedy for the deranged state of the circulation, and a most powerful instrument to renovate the commercial credit of the United States.

Your memorialists beg the indulgence of congress when they add, that they have no doubt that treasury bills, issued nearly in the way proposed by the committee of ways and means of the house of representatives, would be found of more service to the government, be much less dangerous to the public, and tend much more to supply the want of a general medium of circulation. They believe that treasury notes, issued for various denominations, redeemable at the pleasure of the government, but not at any definite periods, bearing interest while in circulation at the present rate, but fundable at the option of the holder at a higher rate of interest, would be less liable to depreciation than the notes of a bank bearing no interest and the security being the same. The

present interest on the treasury notes would offer an inducement to keep them, and whenever the market was overcharged, the power to fund them at a higher rate of interest would take off the redundancy. In this way the issue of treasury notes would probably operate, to a considerable amount, as a constant loan at a reduced rate of interest; nor should it be overlooked that the consequences of a depreciation, if it unfortunately should take place, would neither be so extensive nor so lasting as in the case of a Bank of the United States.

M. CLARKSON, Prest.	}	<i>Committee of the</i>
CHA: WILKES, Cashr.	}	<i>bank of New York.</i>
RICH: VARICK, Prest.	}	<i>Committee of the</i>
LYNDE CATLIN, Cashr.	}	<i>Merchants Bank.</i>
AMA: JACKSON, Prest.	}	<i>Committee of the</i>
JNO: LOW, Cashr.	}	<i>Union Bank.</i>
WM: BAYARD, Prest.	}	<i>Committee of the</i>
JON: BURRALL, Cashr.	}	<i>Bank of America.</i>
JAMES BOGGS, Prest.	}	<i>Committee of the</i>
D. J. GREENE, Cashr.	}	<i>New York Manufac-</i>
		<i>turing Company.</i>